

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

PURCHASED GAS ADJUSTMENT)	
FILING OF ELAM UTILITY)	CASE NO. 9845-D
COMPANY)	

O R D E R

On July 30, 1987, the Commission issued its Order in Case No. 9845 approving certain adjustments in rates and providing under certain conditions for the further adjustment of such rates when the wholesale cost of gas is increased or decreased or a refund is received.

On October 18, 1989, Elam Utility Company ("Elam") notified the Commission of proposed rates to be effective December 1, 1989, based on increases in its wholesale cost of gas and submitted with its notice certain information in compliance with the Commission's Order in Case No. 9845-C.¹

Upon review the Commission found it necessary to investigate the methodology previously prescribed for Elam to use in computing its purchased gas adjustment ("PGA"). This methodology was set out by letter dated March 9, 1989 and was first applied in Case No. 9845-C. Finding the methodology possibly in error, the Commission issued an Interim Order in this case allowing Elam to

¹ Case No. 9845-C, Purchased Gas Adjustment Filing of Elam Utility Company, Order dated April 27, 1989.

place its proposed rates into effect, subject to refund, and setting up an informal conference.²

The conference was held at the Commission's offices on January 5, 1990. The base rate computation, calculation of recovery factor, and revision of Elam's PGA clause were discussed. Elam provided documentation as further clarification of gas purchase volumes. The current PGA clause was reviewed and found to require revisions to meet the filing guidelines set out in Case No. 9845-C.

After reviewing the record in this case and being otherwise sufficiently advised, the Commission finds that:

1. Elam's notice of October 18, 1989 set out certain revisions in rates which Elam proposed to place into effect, said rates being designed to pass on the wholesale increases in price from its suppliers.

2. Manufacturers Fuel Company notified Elam of an increase in rates effective August 1, 1989. Columbia Gas Transmission Corporation filed revised rates with the Federal Energy Regulatory Commission to be effective August 1, 1989.

3. The methodology used by Elam in computing its adjustment was in error. The adjustment should have been calculated using gas purchase volumes for the most recent 12-month period available at the most recently effective supplier rates. Correcting this error, the cumulative effect upon Elam's rates is an increase of \$11,102 or 52.62 cents per Mcf.

² Case No. 9845-D, Purchased Gas Adjustment Filing of Elam Utility Company, Order dated December 4, 1989.

4. The corrected adjustment in Elam's rates under the PGA provisions approved by the Commission in its Order in Case No. 9845 dated July 30, 1987 is fair, just, and reasonable and in the public interest and should be effective with gas supplied on and after the date of this Order.

5. Elam's PGA clause should be revised to reflect a semi-annual filing schedule and an annual recovery factor as outlined in the Commission's Order in Case No. 9845-C.

IT IS THEREFORE ORDERED that:

1. The rates in the Appendix, attached hereto and incorporated herein, are approved effective with gas supplied on and after the date of this Order.

2. Within 30 days of the date of this Order, Elam shall file with this Commission its revised tariffs setting out the rates authorized herein.

3. Within 30 days of the date of this Order, Elam shall file with this Commission a proposed revision of its PGA clause to reflect a semiannual filing schedule and an annual recovery factor.

Done at Frankfort, Kentucky, this 12th day of February, 1990.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman

ATTEST:


Executive Director

Commissioner

APPENDIX

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 9845-D DATED 2/12/90

The following rates and charges are prescribed for the customers served by Elam Utility Company. All other rates and charges not specifically mentioned herein shall remain the same as those in effect under authority of the Commission prior to the date of this Order.

RATES: Monthly

RESIDENTIAL & COMMERCIAL

Customer Charge	\$ 4.10
First 11 Mcf	7.0607 per Mcf
Over 11 Mcf	8.0607 per Mcf

INDUSTRIAL

Customer Charge	\$ 5.15
All Mcf	7.0607 per Mcf

The base rates for the future application of the PGA clause of Elam Utility Company shall be:

Capitol Gas	\$ 3.9090 per Mcf
Manufacturers Fuel Company	2.75 per Dth
Columbia Gas SGS Commodity	3.4782 per Dth
Columbia Gas Transmission	
Pipeline Fixed Monthly Demand Charge	\$ 587.00
Columbia Fixed Monthly Demand Charge	35.00
Average Commodity Cost	\$ 3.5559 per Mcf